



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
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DAVID E. JANSSEN  
Chief Administrative Officer

February 15, 2005

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

**ADOPTION OF ENACTED RETIREMENT LEGISLATION  
(3-VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Indicate your Board's intention to adopt the attached resolution implementing Sections 31760.5 and 31492(c) of the Government Code authorizing a new form of optional survivor benefit under the County's retirement system; and approve placement of the resolution on the agenda two weeks hence, on March 1, 2005, in satisfaction of Section 7507 of the Government Code which requires that the actuarial impact of these recommendations be made public at least two weeks prior to adoption.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of this recommendation is to implement a new form of Los Angeles County Employees Retirement Association (LACERA) survivor benefit permitted by SB 1260 (Murray) which became effective January 1, 2005. SB 1260 adds and amends Sections 31760.5 and 31492(c), respectively, to permit retiring employees to voluntarily agree to a reduction in retirement allowance so the actuarial equivalent of the reduction can be applied to a greater survivor benefit for a spouse or eligible minor children. Under current law, a domestic partner may qualify as a spouse. These provisions are not effective in Los Angeles County unless adopted, by resolution, by your Board.

Absent an election by the member for an optional form of survivor allowance, the "unmodified" benefit that automatically applies to a spouse, or eligible minor children is 65 percent of the retiree's pension under the contributory retirement plans known as Plans A, B, C, and D and 55 percent under the noncontributory Plan E.

Adoption of Sections 31760.5 and 31492(c) would, therefore, permit survivor continuances at higher amounts if financed through an offsetting reduction in pension benefits.

Under the terms of Sections 31760.5 and 31492(c) the full cost of an optional increase in survivor benefit over and above the unmodified amounts must be borne entirely by the retiree in the form of an actuarially determined reduction in the retiree's pension benefit. The actuary for LACERA must calculate the reductions on an individual case basis taking into consideration, among other matters, the life expectancies of the retiree and spouse. The reductions must be sufficient in the judgment of the LACERA actuary and Board of Retirement to place no additional financial burden on the retirement system.

This change would apply to both safety and general members. Agreement to implement the change, contingent on the necessary legislation, was part of the 2003 negotiated fringe benefit settlement with the Coalition of County Unions and Local 660, SEIU, AFL-CIO.

#### **Implementation of Strategic Plan Goals**

The actions recommended in this letter are directly responsive to the Strategic Plan goals of fiscal responsibility and workforce excellence.

#### **FISCAL IMPACT/FINANCING**

The costs of the proposed LACERA survivor benefit option would be fully borne by the retirees who elect the option.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Section 7507 of the Government Code requires that an "enrolled actuary" determine the cost impact of proposed changes in public retirement benefits, and that a statement of impact be made public at least two weeks prior to adoption of the changes. The requisite statement from an enrolled actuary is attached. We are recommending that actual approval of the implementing resolutions take place through a second Board action in two weeks, on March 1, 2005.

Approval of the attached resolutions on March 1, 2005, as proposed, would make Sections 31760.5 and 31492(c) operative with respect to retirements occurring on or after that date.

The Honorable Board of Supervisors  
February 15, 2005  
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**IMPACT ON CURRENT SERVICES**

None.

Respectfully submitted,



DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:SRH  
WGL:mj

**Attachments**

c: County Counsel  
Auditor-Controller  
Los Angeles County Employees Retirement Association  
Coalition of County Unions  
Local 660, SEIU, AFL-CIO

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF LOS ANGELES  
ALLOWING REDUCTION OF A MEMBER'S RETIREMENT ALLOWANCE  
IN RETURN FOR AN ACTUARIALLY EQUIVALENT INCREASED  
SURVIVOR ALLOWANCE**

**WHEREAS**, effective January 1, 2005, Government Code Sections 31760.5 and 31492(c) authorize a member of the retirement system in Los Angeles County to elect to reduce the member's retirement allowance and have the actuarial equivalent of such reduction, as of the date of retirement, applied to an increase in the survivor benefit otherwise payable to his or her surviving spouse or, if applicable, minor children; and,

**WHEREAS**, these statutes require that, in each instance, the calculation of the actuarial reduction in the member's retirement allowance take into consideration the life expectancy of the member and his or her surviving spouse and that the reduction be sufficient, in the opinion of the board of retirement and the board of retirement's actuary, not to place any additional financial burden upon the retirement system; and,

**WHEREAS**, these statutes are not operative in Los Angeles County until made applicable, by resolution, by majority vote of the Board of Supervisors and applies only to those members who retire after the operative date of this resolution;

**NOW THEREFORE, BE IT RESOLVED** that Sections 31760.5 and 31492(c) of the Government Code are hereby made applicable to the County of Los Angeles effective March 1, 2005.

**BE IT FURTHER RESOLVED** that the Board of Supervisors of the County of Los Angeles reserves to itself the option, at any time in the future, to terminate the applicability of these statutes to the County of Los Angeles.

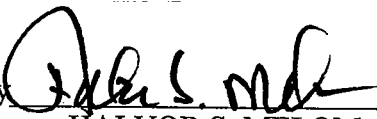
The foregoing resolution was on the \_\_\_\_ day of \_\_\_\_\_, 2005, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS  
Executive Officer-Clerk of the Board  
of Supervisors of the County of Los  
Angeles

By \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.  
County Counsel

By  \_\_\_\_\_  
HALVOR S. MELOM  
Principal Deputy County Counsel

HSM



February 2, 2005

Mr. David Janssen  
Chief Administrative Officer  
County of Los Angeles  
713 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Re: Adoption of Enacted Retirement Legislation

Dear Mr. Janssen:

In accordance with Section 7507 of the Government Code, I have been asked to provide you with an opinion on the actuarial funding impact on the County of Los Angeles of benefit changes set forth in SB 1260.

SB 1260 would permit a member of the retirement system to voluntarily elect, at the time of retirement, to increase the survivor benefit otherwise payable to a spouse or eligible dependent in exchange for taking a discount of actuarially equivalent value in the retiree's benefit. The provision requires that the election not place any additional financial burden on the retirement system.

Under this measure, the cost would be borne by the members electing to receive the benefit change described above, and so there would be no financial impact on the County.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Harold A. Loeb", written over a horizontal line.

Harold A. Loeb, E.A., A.S.A., M.A.A.A.  
Enrolled Actuary No. 02-2079

HL:jtm/rr